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DD/ST# 2723/23

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28 AUG 1973

STATINTL

MEMORANDUM FOR: Director of Technical Service, DD/S&T

THROUGH : Deputy Director for Management and Services  
Deputy Director for Science and Technology

SUBJECT : Delegation of Contracting Authority

REFERENCES : (a) Memo dtd 14 Aug 73 to D/L fm D/OTS,  
same subject

(b) Memo dtd 14 Aug 72 to Contracting  
Officer for the Directorate of Plans  
fm D/L, Subject: Delegation of Con-  
tracting Authority to the Contracting  
Officer for the Directorate of Plans

1. Reference (a) requested an expansion of the OTS/DD/S&T Contracting Officer's delegation of authority in Reference (b) to cover all OTS production contracting as contrasted to the present authority for research and development and prototype or first-production run.

2. Contrary to the view expressed by OTS, the Office of Logistics does consider this request a major departure from the intent of decentralized contracting and the concept on which it was based for the following reasons:

a. To begin with, the Director of Logistics, as the senior Agency Contracting Officer, must ensure that there are appropriate checks and balances within the procurement system. For this reason, the Agency Contract Review Board (ACRB) was established under his aegis, to review all R&D contracts over \$150,000 and although production contracting does not go before the ACRB the fact that such procurement is the responsibility of the Procurement Division, OL, ensures that it too will be subject to the Director of Logistics' review. To delegate the contracting of these latter procurements to the technical offices would, in effect, be abrogating the Director of Logistics' responsibility to "manage" a significant facet of Agency procurement.

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b. Secondly, the requested expansion of R&D contracting officer delegation, if granted, would establish a precedent to be seized upon understandably by other, if not all, technical offices within the Agency. This could not help but lead to the significant dilution, if not total abolishment, of Procurement Division, OL, and the loss of this viable and important element in the recruitment, training, and career development of Agency procurement officers.

c. Finally, while the concept of decentralized procurement recognized the need for close association, communication, and understanding between the technical officer and contracting officer during the planning, source selection, negotiation, and administration of contracts involving R&D for new equipment, it did not envision the need for the continuing close relationship once adequate data, drawings, and specifications had been obtained by the Agency as a result of the R&D and/or first-production contracts. Indeed, our system deliberately directs production contracts to the responsibility of the Procurement Division, OL, as opposed to any particular technical office in the belief that this "break" in the procurement chain can provide a greater objectivity of approach and ensure that adequate consideration will be given to competitive procurement of production quantities.

3. While sympathetic to the referent request, for the reasons stated, it is not possible to approve any expansion of the OTS/DD/S&T contracting officer's delegation of authority as set forth in Reference (b).

/s/ Francis J. Van Damm

Francis J. Van Damm  
Director of Logistics

cc: DD/M&S  
DD/S&T

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